



BRITISH COLUMBIA
Ministry of Finance

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BALANCED BUDGET 2004 HIGHLIGHTS

Bringing out the Best in British Columbia

In 2002, the province laid out a plan to revitalize B.C.'s economy, restore sound fiscal management and direct resources to health care and education – all while balancing the budget in 2004-05.

This plan is working. Together, we have built a new foundation for a brighter future:

We're #1 in job growth. Over the past two years, B.C. created 159,000 jobs, enjoying the fastest growth rate in the country. More than two million people are working and British Columbians' take-home pay is growing.

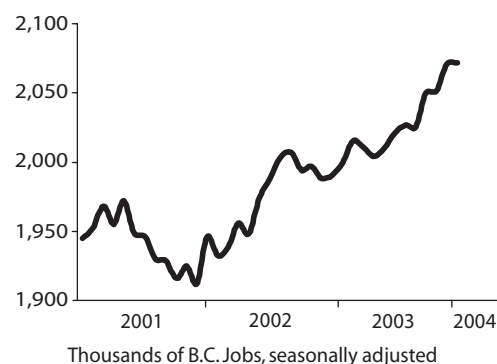
We're #1 in new housing growth. B.C. saw a 21 per cent jump in housing starts in 2003 – the largest increase in Canada – and is one of only two provinces where starts are forecast to keep growing in 2004.

We're #1 in small-business confidence. New businesses are being created at the highest rate in nearly a decade – nine per cent in 2003.

We're the #1 destination for new investor immigrants. As well, for the first time in six years, more people are moving to B.C. from other parts of Canada to build their futures, than are moving away.

Canada's Job Growth Leader

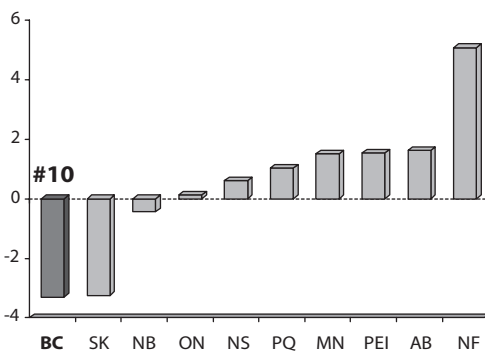
159,000 New Jobs in the Past Two Years



Source: Stats Canada

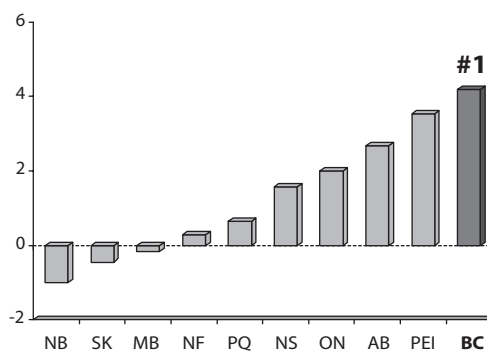
Balanced Budget 2004 will build on these successes to deliver a sustainable future that brings out the best in our province.

From Last in 2001...



Source: Stats Canada

... to First in Canada in 2003



Source: Stats Canada

Annual Per Cent Change in Employment, December to December

BRINGING OUT THE BEST IN SOUND FISCAL MANAGEMENT

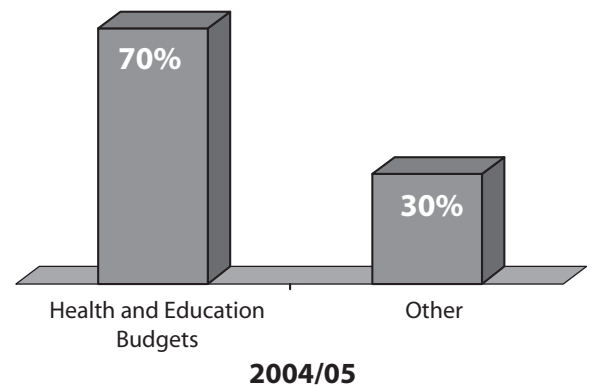
B.C.'s Balanced Budget: The Foundation for a Sustainable Future

Balanced Budget 2004 includes growing surpluses projected over the next three years, which will be invested in priority services without putting future generations back into deficit.

- B.C.'s surpluses are estimated at \$100 million in 2004-05, \$275 million in 2005-06 and \$300 million in 2006-07.
- These balanced budgets are based on a prudent economic growth forecast of 2.8 per cent in 2004 and 3.1 per cent in each of the two following years, and are protected by cushions of more than \$400 million each year.
- Over the next three years, increased funding will help provide:
 - \$1.047 billion more for health care from Budget 2003 – an increase of 10.3 per cent.
 - \$313 million, or 6.4 per cent more, to enhance K-12 learning.
 - \$105 million or 5.5 per cent more post-secondary funding to create new post-secondary student spaces across B.C.
 - \$123 million toward Olympic venues and legacies.

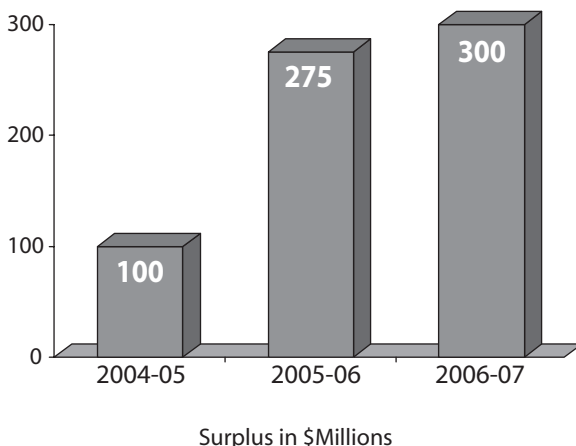
Health and Education: The Focus of Most Funding

More Than \$2 out of Every \$3 Government Spends Goes to Health and Education



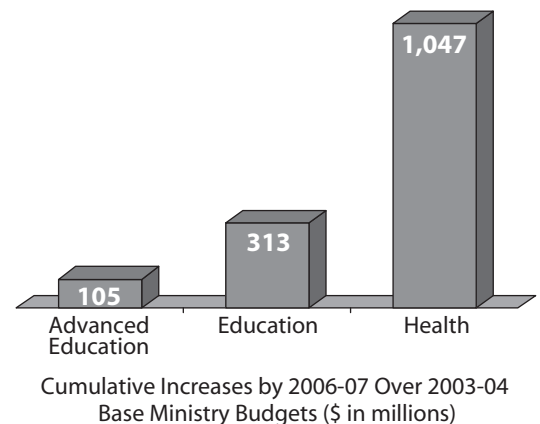
Growing Surpluses Will Protect Vital Services

Health and Education Funding Increases Will Be Over and Above Surpluses



Spending on B.C.'s Top Priorities is Growing

Combined Health and Education Budgets Will Rise Nearly \$1.5 Billion Over Three Years



BRINGING OUT THE BEST IN B.C.'S STRENGTHENING ECONOMY

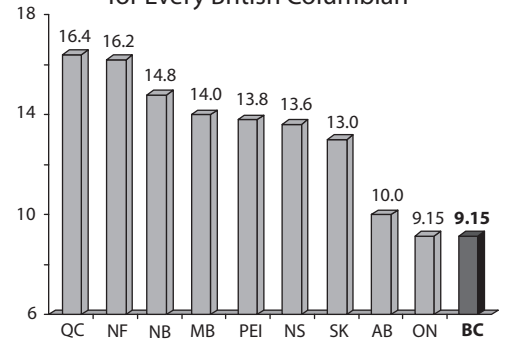
A Competitive Tax Structure: The Foundation for #1 Economic Growth

Balanced Budget 2004 maintains and enhances the competitive tax and regulatory regime that makes this growth possible.

- Balanced Budget 2004 supports 31 tax-related measures that have returned more than \$1.1 billion in annual tax savings to consumers and businesses.
- The Home Owner Grant threshold rises to \$585,000 from \$525,000, which means 95 per cent of B.C. homeowners will continue to receive the full grant. People who get the basic grant will still receive a benefit for homes valued up to \$632,000 – and seniors will receive at least a portion of the grant for homes valued up to \$659,500.
- Balanced Budget 2004 extends the Scientific Research and Experimental Development Tax Credit to 2009. This 10 per cent income tax incentive will help keep B.C. research on the leading edge. Since it was introduced, research and development spending has increased by more than \$700 million annually.
- With Balanced Budget 2004, government is increasing the gas tax refund for persons with disabilities by \$100.
- Balanced Budget 2004 preserves the lowest provincial personal income tax rates in Canada on the first \$64,900 of income, and B.C.'s growing business sector continues to benefit from some of the most competitive tax rates in Canada.
- Balanced Budget 2004 provides property tax relief under the Ports Competitiveness Initiative, to encourage new investment in Lower Mainland and Heartlands ports, while protecting municipal revenues.

Canada's Lowest Income Taxes

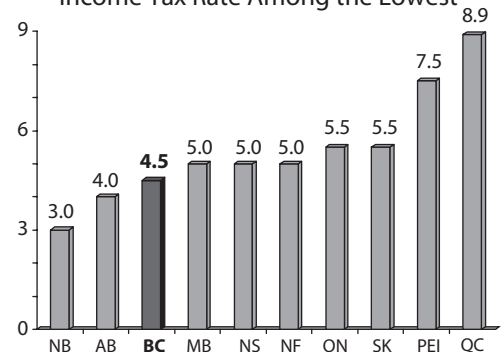
The Result of a 25% Tax Cut in 2001 for Every British Columbian



Personal Income Tax Rates 2004: Income up to \$64,900

Supporting Small Business Growth

B.C.'s Small Business Corporation Income Tax Rate Among the Lowest



Reflects rates for the 2004 tax year known as of February 3, 2004

Second Lowest Overall Provincial Taxes

Comparison of 2004 Provincial Taxes by Province

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NF
Family of Four										
\$90,000 income	2	1	4	9	5	10	7	6	3	8
\$60,000 income	2	1	5	9	7	10	3	6	4	8
Single Individual										
\$25,000 income	2	1	3	7	4	10	6	5	8	9

Rank by province (1=lowest)

Includes provincial income, consumption and property taxes (including municipal property taxes) as well as health care premiums/payroll taxes

Maximizing Forestry Jobs to Revitalize Our #1 Industry

Forestry generates one quarter of B.C.'s economic activity and supports 260,000 jobs in 150 communities across the province.

Balanced Budget 2004 supports the restructuring of B.C.'s forest industry under the Forestry Revitalization Plan.

- \$176 million over the next three years to expand and enhance the B.C. Timber Sales Program, which will help B.C. get more value from its forests and move to market pricing.
- \$6 million over three years to allow for timely harvesting of timber damaged by pine beetles and fires.
- \$6 million over three years to support small-scale salvage operations – creating opportunities for First Nations and other communities in this evolving industry.
- Recreational access roads and sites are maintained.

In turn, forestry restructuring will support renewed private-sector investment, which already includes:

- \$200 million in planned investment in a new OSB panel mill in Fort St. John.
- \$34 million invested in a new super mill in Houston, making it the largest sawmill in the world.
- \$30 million invested in a new high-speed sawmill in Surrey – the first new mill on the Coast in over 20 years.

Investing in First Nations and Land Certainty

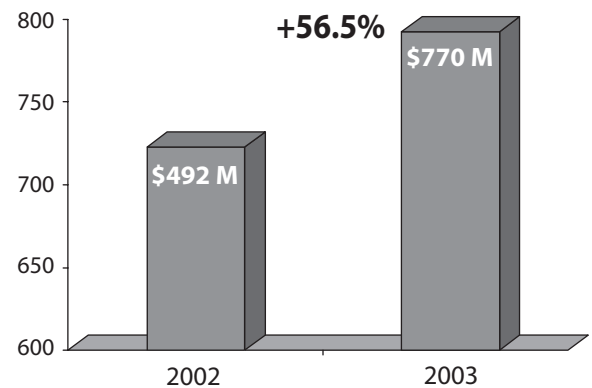
The province has made remarkable progress since 2001, with three agreements-in-principle signed and approved and two more pending – more progress towards B.C. treaties than has been seen in over a century.

The Balanced Budget provides:

- up to \$120 million for forestry revenue-sharing agreements over the next three years, like the one recently reached with the province's largest First Nation, the Cowichan.
- the opportunity to develop energy revenue-sharing arrangements with First Nations in the Treaty 8 areas.
- a new \$15 million trust supporting initiatives for the 25 First Nations along the BC Rail corridor.

Investment is Returning to B.C.'s #1 Industry

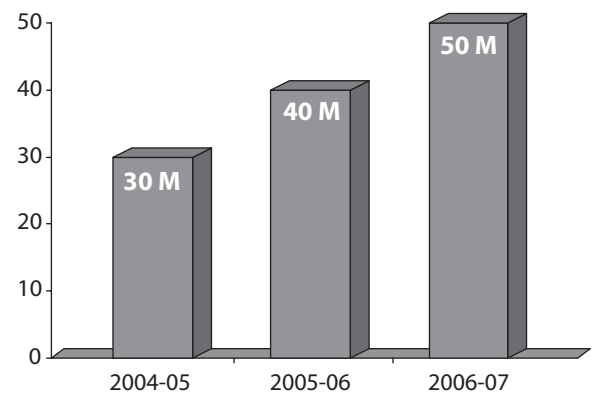
Investment Up by \$278 Million



Source: Statistics Canada

More Revenue Sharing to Increase First Nations Forestry

\$120 Million Over Three Years



Oil and Gas Strategy Funding to Support One of Our Fastest-Growing Industries

Balanced Budget 2004 follows through on B.C.'s Oil and Gas Development Strategy, which includes investing in resource roads, promoting exploration and opening up new reserves. It will work toward government's goal of stimulating new energy investment and creating thousands of new jobs.

Balanced Budget 2004:

- Lends further support to the drilling activity that increased by almost 40 per cent last year, with:
 - targeted royalty credits, and
 - infrastructure development.
- Training programs to give more young British Columbians the skills they need to work in this well-paying industry.
- Provides an additional \$29 million over three years to support B.C.'s highly successful Oil and Gas Development Strategy and build a firm foundation for the offshore oil and gas initiative.
- B.C. is enjoying unprecedented sales of petroleum and natural gas rights – including sales of \$418 million in September 2003, which matched the previous record for an entire year – and the benefits are accruing to Northern communities and all British Columbians.

The province will continue to work with industry to upgrade roads and open up access to energy resources throughout the Heartlands.

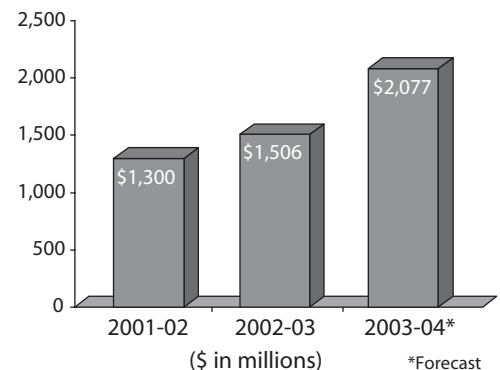
B.C.'s Energy Plan: Powering Jobs and Prosperity

B.C.'s vast energy reserves offer great potential for sustainable job creation and prosperity provincewide. Changes implemented over the past three years are increasing private-sector investment, exploration and production.

- B.C. is promoting expanded private-sector involvement in electricity and alternative energy development, with the goal of meeting 50 per cent of B.C.'s new energy needs through clean sources. This has already led independent power producers to propose \$800 million of new investment in clean, renewable power projects.

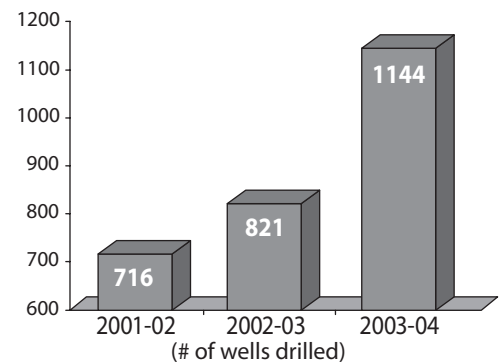
Record Oil and Gas Revenues

Up More Than 50 Per Cent Over Two Years



Burgeoning Oil and Gas Drilling Activity

A 60% Rise in Wells Drilled Over Two Years



BRINGING OUT THE BEST IN B.C.'S STRENGTHENING ECONOMY

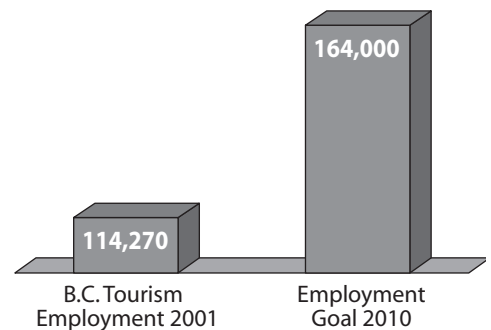
The Spirit of 2010: Maximizing Olympic Opportunities Across B.C.

With Balanced Budget 2004, B.C. will accelerate its financial commitment to the 2010 Olympic and Paralympic Winter Games and the economic opportunities they will create.

Balanced Budget 2004:

- Allows B.C. to accelerate its Olympic investment plan in 2003-04 and cover nearly 20 per cent of B.C.'s overall commitment to Games venues. This includes \$51 million towards early venue construction and a \$55-million endowment to sustain the operation of certain venues after the Games conclude.
- The Olympics are expected to create about 200,000 jobs in all sectors.
- Balanced Budget 2004 will invest another \$126 million in Olympic commitments over three years.
- Legacies Now will embrace the spirit of 2010, with new initiatives to bring out the best in sport, music, arts, culture and volunteerism. Over \$25 million in one-time funding in 2003-04 will be invested to support these initiatives.

50,000 More Tourism Jobs Projected by 2010



Source: Heartlands Economic Strategy

Funding Our Three-Year Transportation Plan to Keep B.C.'s Economy Moving

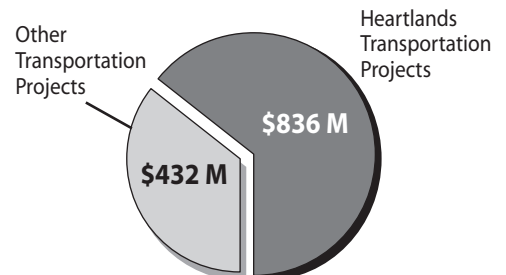
Strong transportation infrastructure is key to almost one million direct and indirect jobs in B.C. and vital to future economic growth.

Balanced Budget 2004 updates and builds on the Transportation Investment Plan the province announced in 2003, by:

- Investing a total of \$1.3 billion over the next three years to expand and update transportation infrastructure. This includes \$836 million in direct investment in the Heartlands.
- Dedicating \$200 million over three years – proceeds from the \$1-billion BC Rail Investment Partnership – to further support improvements in transportation infrastructure across B.C.
- Beginning work on a \$600-million project to upgrade the Sea-to-Sky Highway in time for the 2010 Games.
- Investing a further \$17 million to expand the Port of Prince Rupert and open it up to container traffic.

\$1.3 Billion To Help Make B.C. a Transportation Gateway to World Markets

Almost Two-Thirds Will Support Heartlands Investment and Jobs



Transportation Investment Plan 2004-05 to 2006-07

Putting Patients First: More Resources for Patient Services

Balanced Budget 2004 increases the Ministry of Health budget to \$11.3 billion, which represents a \$3-billion increase – or 36 per cent – since 2000-01. Balanced Budget 2004 builds on the foundation that has given B.C. more nurses, more doctors and better health care where and when people need it.

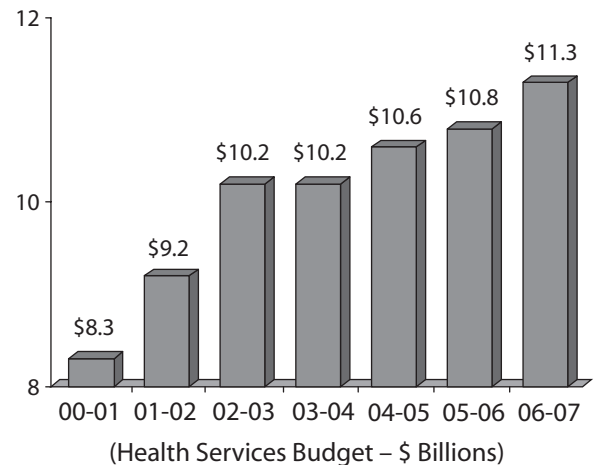
- Balanced Budget 2004 will increase the health ministry budget by an additional \$1 billion by 2006-07 – compared to the base amount in last year’s budget.
- Balanced Budget 2004 targets every penny of the \$1 billion increase to the health ministry budget to patient care.
- In addition, the province will provide \$694 million in capital funding for new construction, equipment and upgrading of existing health facilities over the next three years.
- Over the past three years, health care spending has increased by over 20 per cent – primarily for wage and compensation increases for doctors, nurses and other skilled health care professionals.

Since June 2001, B.C.’s strengthened commitment to patient care has provided the province with:

- more spending per capita on physicians than any other province.
- the ability to attract more nurses educated in other parts of Canada than any other province.
- over 1,800 new nurse training spaces.
- the highest percentage of public coverage for prescription drug costs in Canada.
- new satellite training facilities at UVic and UNBC, which will help to almost double B.C.’s first-year medical school spaces by 2005.
- a 23.5 per cent wage hike over three years for nurses and a more than 20 per cent rise in total compensation for doctors, putting them among the best-compensated health-care professionals in Canada.

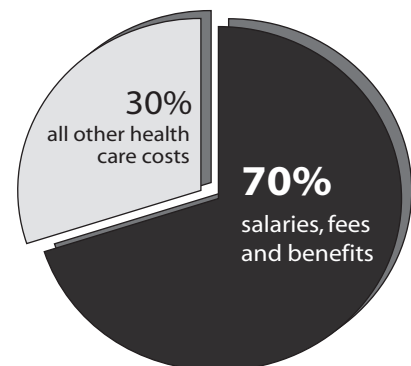
Health Care: \$3 Billion More Resources

A 36 Per Cent Rise Over Seven Years



Most of B.C.’s Health Care Budget Goes to Salaries, Fees and Benefits

B.C. Doctors and Nurses are Among Canada’s Highest-Paid



Wage Costs - % of 2003-04 Health Services Budget

BRINGING OUT THE BEST IN STUDENT ACHIEVEMENT

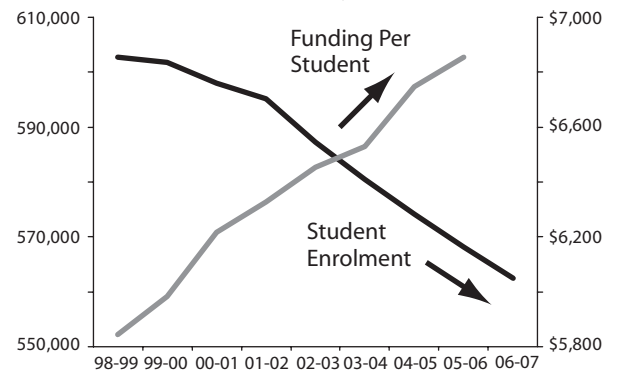
Improving Education: Investing in Our Children

Balanced Budget 2004 increases the K-12 education budget by \$313 million over three years to improve student achievement, promote literacy in communities and make schools safer.

- In the year ahead, aggregate per-pupil funding will rise to \$6,748 – a record, and an increase of \$532 per student since 2000-01 – to help school boards continue to support choice, flexibility and innovation.
- In 2006-07, allocations for minor seismic upgrading in schools will rise from \$8 million to \$23 million as part of a provincewide review of seismic upgrade needs. Based on the results of the review, a further \$50 million will be earmarked for major structural upgrades.
- School districts will receive \$442 million in provincial capital funding over the next three years to support new construction and upgrading of existing K-12 facilities.

More for Every Student

Education Spending is Rising Despite Declining Enrolment

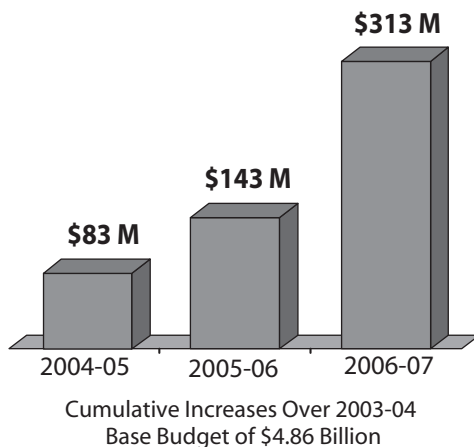


The Province Will Launch a Major New Initiative to Foster Literacy Throughout B.C.

Initiatives include:

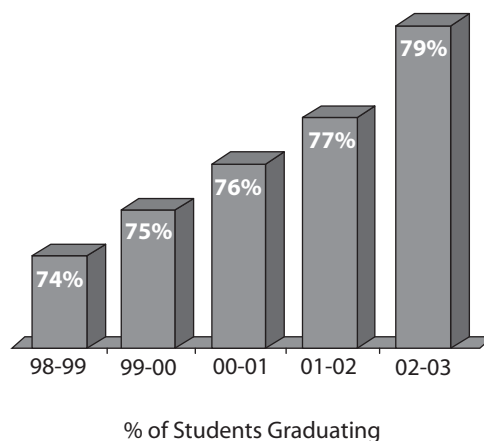
- an early learning success strategy, targeted at students in the early years of school.
- a program to improve literacy in schools, the workplace and communities.
- a doubling of B.C.'s annual contributions to the Adult Literacy Cost-Shared Program and a challenge to the federal government to do the same.

More For K-12 Education



Student Achievement is Improving

A Record-High Graduation Rate in 2003

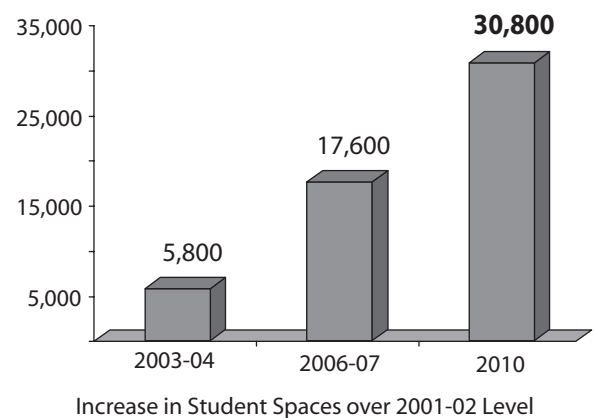


Ensuring More Post-Secondary Spaces in More Communities

The province will act this year to create new post-secondary options and new student spaces in the Heartlands, as well as in the Lower Mainland. Increased investment now will pay future dividends – in quality of life, jobs and opportunities.

- Balanced Budget 2004 will help create almost 12,000 post-secondary spaces over the next three years and almost 25,000 by 2010. This is over and above the 5,800 spaces already created since 2001.
- This will boost post-secondary space at twice the expected rate of increase in the number of British Columbians 18 to 29 years old.
- The balanced budget will invest \$105 million more in advanced education in the next three years.
- Government will provide post-secondary institutions with \$665 million in capital funding over the next three years to support rehabilitation, replacement and expansion of existing post-secondary facilities throughout the province.
- Funds from B.C.'s current student grant program are being refocused to go directly towards additional spaces and to post-secondary institutions. The government will expand access to student loans to ensure that students who need support have the same level of funding.

B.C.'s New Access Agenda: 25,000 More Spaces by 2010



Keeping Our Post-Secondary Institutions On the Leading Edge

Since June 2001, the province has invested more than \$900 million to expand post-secondary research, access, training and innovation across B.C.

The province:

- is investing \$134 million to expand medical training in B.C. that involves a new life sciences centre at UBC and two satellite training facilities at UVic and UNBC.
- is investing \$150 million for new student spaces and \$95 million in capital funding to double the number of high-tech grads in B.C. over five years.
- invested over \$100 million in new capital and operating funds for new student spaces in areas of high demand such as nursing, social work, online learning and trades training.
- has created the \$45-million Leading Edge Endowment Fund to establish 20 leadership chairs in medical, social, environmental and technological research.
- has launched a \$7.5 million B.C. regional innovation chairs program to create new social and economic development chairs at B.C.'s colleges, university-colleges and institutes.

Building Safe Strong Communities

The province is building on improving economic growth and sound fiscal management with investments that will benefit all families and communities.

Under Balanced Budget 2004:

- in 2005-06, government will begin to fulfil its New Era commitment to share 75 per cent of all traffic fine revenues with municipalities, to improve community policing and crime prevention.
- the Early Learning and Child Care agreement with the federal government will inject more than \$70 million over the next three years in funding increases for programs to support B.C.'s youngsters.
- the Human Early Learning Partnership will benchmark the learning readiness of school-entry-aged children across B.C., to better target Early Childhood Development funding.

Focusing More Resources on British Columbians in Need

B.C.'s status as the #1 job-creating province per capita in Canada has enabled 87,000 British Columbians to leave income assistance since June 2001.

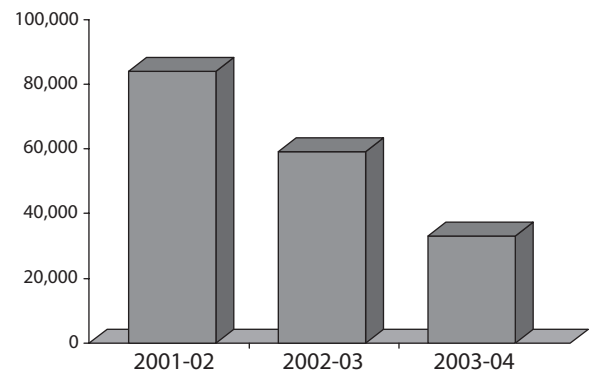
Today, a large and growing share of those receiving income assistance are people with disabilities and people who face persistent, multiple barriers to employment. To ensure they get the support they need, Balanced Budget 2004:

- increases the Ministry of Human Resources budget by \$80 million – from last year's plan.
- will sustain the higher rate of income assistance and access to specialized employment programs that these recipients receive.

Since Budget 2003, over \$100 million has been added to the Ministry of Children and Family Development's budget to protect the health and safety of children, families and adults with developmental disabilities. In 2006-07, \$14 million will be added to the ministry budget to support the child and youth mental health plan.

Caseloads Shrink for People Expected to Work

61% Fewer Recipients as Job and Educational Opportunities Grow



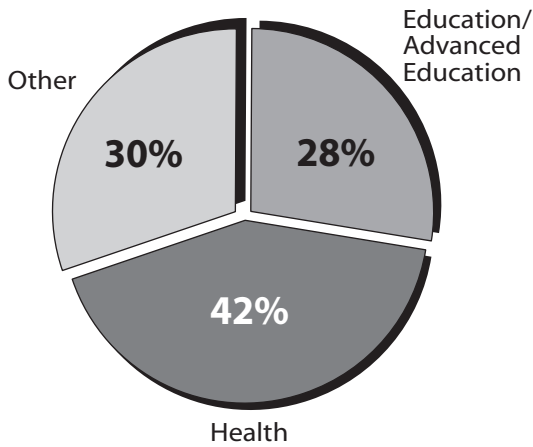
Source: Ministry of Human Resources

A Three-Year Plan That Invests in Patient Care, Student Achievement and Other Vital Services

Balanced Budget 2004 provides significant resources for health care and education.

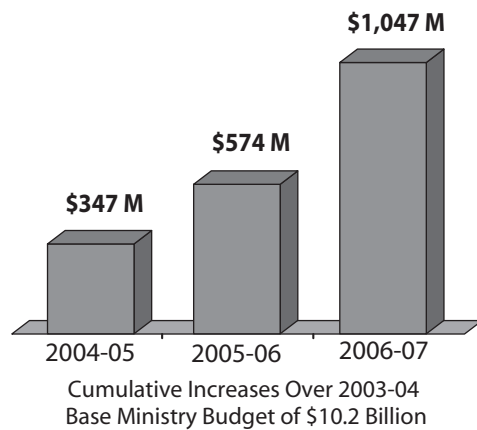
Targeting Resources to Priorities

70% of Budget 2004 Supports Patients and Students

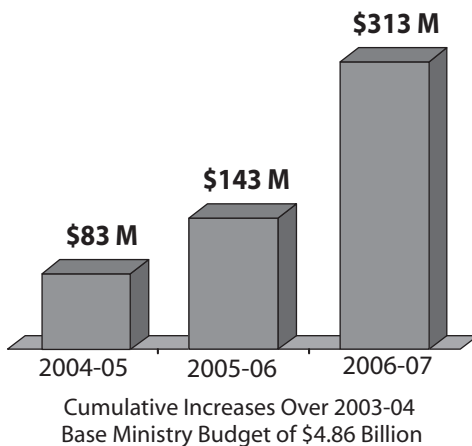


2004-05 Share of Consolidated Revenue Fund Expense

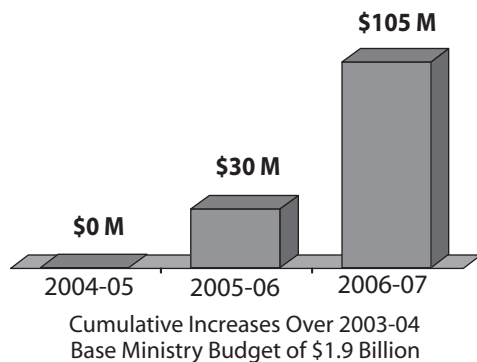
More For Patients



More For K-12 Education



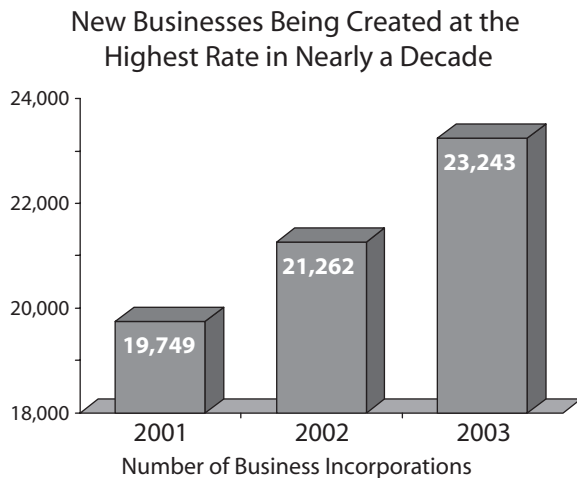
More For Post-Secondary Education



A Balanced Budget to Build on B.C.'s Economic Resurgence

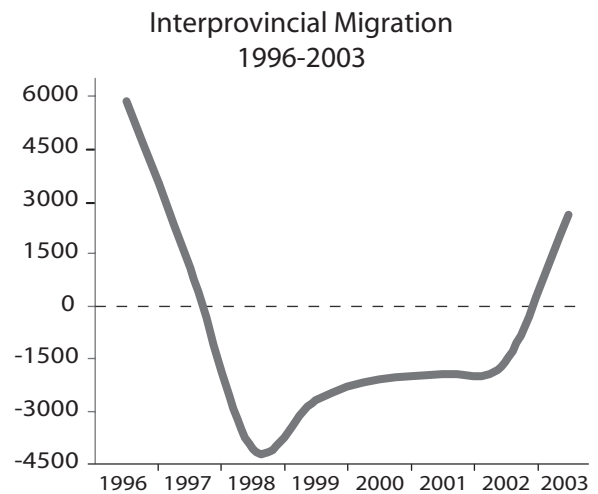
Balanced Budget 2004 continues to build on government's first three-year plan, which has set the province on a course to renewed prosperity.

Business Confidence Restored



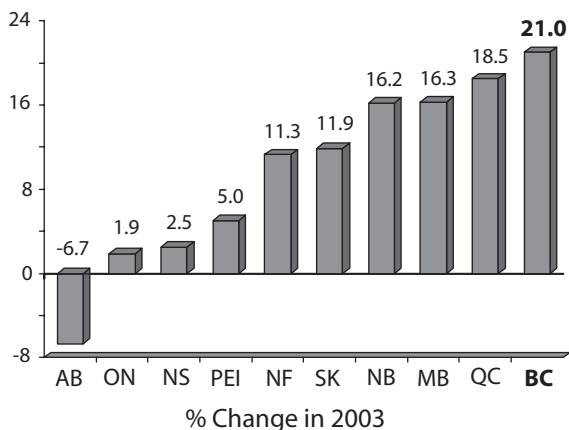
Source: BC Stats

People Are Moving Back to B.C.



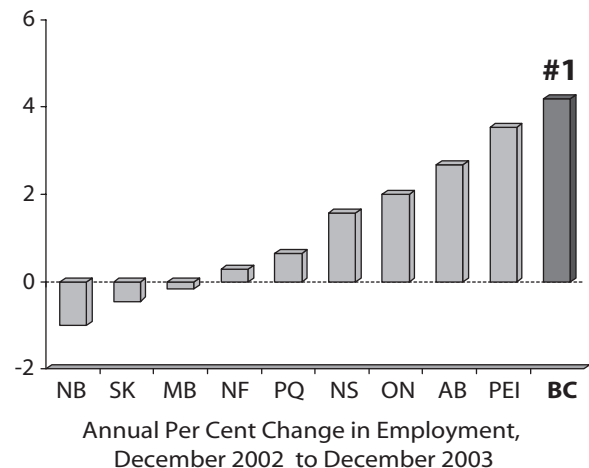
Source: BC Stats

We're #1 in Housing Growth



Source: Canada Mortgage and Housing Corporation

We're #1 in Job Growth



Source: Stats Canada